

Since most FIAC projects contain a higher export potential than the LIAC approved projects, the shift in emphasis from import substitution to export promotion is indeed consistent with the outward looking strategy of the economic policy pursued since late 1977. In a situation where investment in public sector manufacturing capacity has been increasingly subject to more strict evaluation criteria, investment in private sector industry has a crucial role to play in sustaining the increase in overall industrial production.

ECONOMIC AND SOCIAL OVERHEADS

Energy

Problems concerning the energy sector appeared to have further intensified in 1982.

The value of total petroleum products imported during 1982 totalled Rs. 12,152 million accounting for 29 per cent of the total expenditure on imports. Reflecting the increase in volume and changes in exchange rates, the rupee value of petroleum imports in 1982 increased by 22 per cent while in SDR terms it indicated an increase of 20 per cent over the corresponding figure of 1981. A more disconcerting feature is that the petroleum import bill absorbed 67 per cent of the earnings from non-petroleum exports in 1982 as compared with 56 per cent in the previous year. The value of petroleum exports which increased progressively during the past few years declined by 3 per cent and 4 per cent in terms of Rupees and SDRs respectively due to increased domestic consumption of exportable oil products, namely heavy diesel and naphtha. This loss was partly compensated for, by the export of urea by the Fertilizer Manufacturing Corporation which used naphtha as its main input in the manufacture. In addition there were no imports of urea during the year. The net oil import bill rose from 32 per cent of the total export earnings in 1981 to 41 per cent in the current year.

Consumption of petrol rose moderately by 5 per cent in 1982 as compared with 1 per cent in 1981. The increased number of private cars and motor cycles and the stability of petrol prices seem to have contributed to the higher level of consumption in 1982. The declining trend observed in the consumption of kerosene during the past few years appears to have reversed. The consumption of kerosene increased by 3.5 per cent during the current year. The rate of growth of auto diesel consumption which dropped from 14 per cent in 1980 to 6 per cent in 1981 has registered a rate of growth of 5.5 per cent in the current year. Consumption of heavy diesel which rose at an unprecedented rate of 67 per cent in 1981 due to increased thermal power generation by the Ceylon Electricity Board (CEB) continued to increase at the rate of 59 per cent in 1982. Consumption of furnace oil which rose with the expansion of industrial activities during the recent past, has indicated a marginal decrease during the year under review. The drop in furnace oil consumption was caused mainly by the reduced use of this product by the Cement and Steel Corporations in 1982. The former corporation switched to coal as a substitute fuel in the operation of its phase III in 1982.

was also kept at a fixed rate of 110 per cent during the second half of 1982. However, despite upward revision in electricity tariffs, total sales of the CEB during 1982 have risen by 12 per cent when compared with a growth rate of 8 per cent registered during the previous year. The consumption of electricity by the domestic sector recorded an increase of 19 per cent while consumption by the commercial sector which declined by 2 per cent in 1981 recorded an increase of 20 per cent. The industrial sector and local authorities increased their consumption of electricity at the rate of 9 per cent each.

The pattern of electricity consumption in the year under consideration revealed some changes in the relative share of the different sectors. The domestic sector and commercial sector enhanced their relative shares of consumption in 1982 to 15 per cent and 16 per cent respectively when compared with 14 per cent each in the previous year. However, the industrial sector continued to purchase the highest percentage share of electricity during 1982 as observed in previous years.

Transportation

The increase in demand for both passenger and goods transport services resulting from expanded economic and social activities witnessed since the late seventies, continued during 1982.

The financial losses incurred by public sector transport agencies increased substantially in 1982 over the previous year. However, the nine Regional Transport Boards (RTBs) of the Central Transport Board were able to expand their services with the financial assistance provided by the International Development Association, during the year under review.

The partial re-introduction of the lump sum depreciation (LSD) facility for the private transport sector during the current year provided an incentive for the expansion of private sector participation in providing transport facilities. This relieved the public sector of the burden placed on them in catering to the increased demand. Increased competition from private sector participation in both passenger and goods transport services compelled the public sector to adopt a more positive approach towards the improvement of efficiency of the services provided. Nevertheless, there was a relatively small decline in the operations of public sector agencies in 1982 as compared with the preceding year.

The RTBs, in their attempt to increase efficiency and also expand services, have increased their fleet of buses in operation from 7,192 in 1981 to 7,427 in 1982. The number of buses withdrawn from the fleet amounted to 313 in 1982 while the number of new buses added to the fleet increased remarkably from 17 in 1981 to 533 in 1982. The expansion of the fleet and the services was further assisted by the addition of two new workshops.

As in the previous year, the operated kilometerage and the passenger kilometerage of the nine RTBs continued to decline in the current year. However, it should be pointed out that the operated kilometerage at 482 million kms. in 1982 indicated a decrease of 2 per cent as against a decline of 4 per cent in the previous

year. The passenger kilometrage of the RTBs totalled 13,502 million in 1982. The corresponding passenger kilometrage in 1981 was 13,791 million. On the basis of these figures, the rate of decline of the passenger kilometrage has decelerated from 30 per cent in 1981 to 2 per cent in 1982. This should be treated as a noteworthy achievement of the nine RTBs during the current year.

The financial losses of the RTBs were Rs. 629 million in 1982, and this represented an increase of 46 per cent over 1981. The major factors responsible for enhanced losses were increased cost of motor spares and higher operating and traffic costs. However, fuel cost component of the total cost rose by 45 per cent in 1981 but dropped marginally by 1 per cent in the current year.

The overall performance of the Ceylon Government Railway (CGR) in 1982 was disappointing. The operated kilometrage at 10 million kms. showed a marginal decline as against a marginal increase registered in the previous year. The passenger kilometrage however, increased by 5 per cent during the year under review in contrast to a sharp decline registered during the past two years mainly due to the preference of commuters to travel by bus.

The freight ton kilometers which increased from 206 million ton kms. in 1980 to 219 million ton kms. in 1981 has declined by 1 per cent to a total of 217 million ton kms. during the year under review. The operating losses of the CGR have increased progressively in the past. In 1982, the CGR experienced the highest ever operating loss of Rs. 324 million an increase of 37 per cent over the loss recorded in 1981. The major factor contributing to the higher level of losses in the year under consideration was the enhanced salary bill. This increased from Rs. 195 million in 1981 to Rs. 253 million or by 30 per cent in 1982.

Private sector transport operations witnessed a further expansion during 1982. New registrations of private passenger coaches which declined by 12 per cent in 1981 totalled 2,533 in 1982 an increase of 9 per cent over the corresponding figure of the previous year. The resumption of the LSD facility in the latter part of 1982 for private passenger transport sector encouraged investment in this sector. The total number of passenger vans and buses operated by the private sector is estimated at 7,000 with a capacity of 179,900 seats.

Reflecting the gradual tapering off of demand which rose to a peak level in 1980 new registration of lorries registered a drop of 20 per cent in 1982 as compared with a 16 per cent decline last year. Stiff competition in the goods transport sector coupled with the rising costs of vehicles has largely contributed to this change. As in the previous year, the biggest reduction in the new registration was recorded in respect of motor cycles.

TABLE 1.24
Salient Features of the Transport Sector 1981—1982

Item	1981	% change over 1980	1982	% change over 1981
1. New Registrations of Motor Vehicles (Nos.)				
1.1 S.L.C.T.B. buses	24	- 96.9	555	2,212.5
1.2 Private coaches	2,330	- 12.3	2,533	8.7
1.3 Private and hiring cars	5,760	- 14.4	5,667	- 1.6
1.4 Motor cycles	17,160	- 50.6	10,847	- 36.8
1.5 Lorries & other vehicles for goods transport	8,036	- 16.4	6,459	- 19.6
2. S.L.C.T.B. Operations				
2.1 Operated kilometers (million)	493.5	- 4.4	481.8	- 2.4
2.2 Passenger kilometers (million)	13,791.4	- 30.3	13,501.6	- 2.1
2.3 Total revenue (Rs. million)	1,779.4	14.6	1,772.7	- 0.4
2.4 Total cost (Rs. million)	2,208.5	20.3	2,401.3	8.7
2.5 Profit (+) or Loss(—) (Rs. million)	- 429.1	51.2	- 628.6	46.5
3. C.G.R. Operations				
3.1 Operated kilometers (million)	10.5	0.8	10.5	- 0.3
3.2 Passenger kilometers (million)	2,985.1	- 21.4	3,121.3	4.6
3.3 Freight ton kilometers (million)	218.8	6.1	216.8	- 0.9
3.4 Total revenue (Rs. million)	408.9	13.9	427.4	4.5
3.5 Total cost (Rs. million)	644.8	20.5	751.6	16.6
3.6 Operating loss (Rs. million)	- 235.9	34.0	- 324.3	37.5

Sources: Department of Motor Traffic;
Sri Lanka Central Transport Board ;
Ceylon Government Railway.

Housing and Urban Development

The pace of activity in the housing and urban development sector slowed down considerably in 1982. This slackening in activity started in the previous year and was principally due to resource constraints and the escalation in the cost of construction. The National Housing Development Authority is entrusted with the responsibility for implementing the government's programme for public housing. The public sector housing programme has been pruned down due to severe liquidity problems as a result of budgetary constraints and less than anticipated cost recoveries. Cost over-runs due to the increase in construction costs (raw materials as well as labour) and a shortage in skilled labour and management also hindered progress. The approach adopted in 1982 as in 1981, therefore, was the pursuit of low cost housing projects such as Aided Self Help Programme which is aimed at providing houses for low income groups. This type of project with its reliance on local raw materials, techniques and one's own labour is also likely to reduce the pressure on overall construction costs. Hence, there was a shift from high cost projects to projects that were less expensive in order to keep within the limited resources available. This is evidenced by the fact that no Direct Construction type houses or Public Servants' Quarters were embarked upon in 1982.

The overall cumulative expenditure on the public sector housing programme during the period 1978 - 1982 is estimated at Rs. 4,335 million of which Rs. 922 million was incurred in 1982. During the year under review, work on 1,810 units in respect of Direct Construction type houses was completed while work on 2,713 units was in progress. The most impressive record was achieved by the Rural Housing Programme (consisting of Aided Self Help houses, Model Villages and Fisheries Houses) in terms of physical progress. During 1982, work on 4,492 units was completed while work on 13,844 units was in progress. In view of the changed circumstances, the third component of the housing programme, the Electoral Housing Programme has also been modified. Direct construction methods were replaced by Aided Self Help type houses. During 1982, 1,140 units were completed and a further 3,340 units were under construction. While no new construction of Public Servants' quarters was undertaken during 1982, work on 156 units was completed by the end of the year. The Housing Loan Programme was inactive in 1982.

The rate of construction activity under the UDA slowed down considerably in 1982 when compared with the high rates of activity experienced in the past. No new construction projects were undertaken during the year due to financial constraints. The total value of work done by the UDA amounted to Rs. 833 million in 1982 compared to Rs. 912 million in 1981. The major project undertaken by the UDA was the Sri Jayawardenapura Capital Development Project consisting of the Parliamentary Complex and two Administrative Complexes at Battaramulla and Pclawatta. The Parliamentary Complex was completed and handed over to the government early last year. The total expenditure incurred by the UDA in respect of this project was Rs. 968 million of which Rs. 292 million was spent in 1982. The financing of the Capital Development Project was carried out by several line ministries through their budgets, and with funds provided by the UDA. The Pelawatta and Battaramulla Administrative Complexes which were under construction in 1982 are being financed by UDA debenture loans and the amounts absorbed by each complex during the current year were Rs. 94 million and Rs. 101 million, respectively. The St. John's fish market and the Day and Night Bazaar which were also financed by UDA debentures were completed in 1982. Total expenditure on the former reached Rs. 305 million of which Rs. 100 million was incurred in 1982. Another project under the Central Area Development Programme that was in progress in the year under review was the Echelon Square Project. The Liberty Circus complex on which Rs. 91 million was spent in 1982 was handed over to a private developer.

With a view to re-locating certain industries and warehouses the UDA launched several projects such as the Orugodawatte Food Stores Complex, Peliyagoda Integrated Development Project and the Ratmalana Industrial Site Project. The Orugodawatte Food Stores Complex, was completed at a total cost of Rs. 126 million of which Rs. 27 million was incurred in 1982. The total cost was

met by voted expenditure. Work on the other two projects was almost complete by the end of the year. Planning and construction of a number of town centres were also carried out under the planning of the District Capital Project. The UDA was also involved in the development of several sites for private entrepreneurs to set up facilities such as markets, rest houses and cinema halls in urban areas.

The Slum and Shanty Upgrading Programme which is acknowledged as a much needed project in order to avoid a long-term housing crisis in urban areas and which derives its finances through direct government grants and foreign aid was also in progress in 1982. Work on a number of upgrading programmes in the Colombo District as well as in Galle and Nuwara-Eliya was completed during the period. Total cumulative expenditure on these programmes reached Rs. 27 million by the end of 1982, of which almost Rs. 6 million was incurred in the year under review.

The main sources of finance of the UDA are its capital, appropriations from the government budget, UDA debenture loans and revenue generated by the UDA itself. It is expected to operate on a commercially viable basis. In the past two years due to budgetary constraints the UDA has had to rely heavily on debenture loans as the main means of financing its projects. Debenture loans, however, were restricted to Rs. 367 million in 1982 compared with Rs. 432 million in 1981. Treasury allocations totalled Rs. 295 million in 1982 compared with Rs. 267 million in 1981. Internally generated funds consisting of monies earned from rents and leases amounted to Rs. 47 million compared with Rs. 90 million in 1981.

TABLE 1.25
Public Sector Housing Programme—Progress 1981 — 1982

Programme	No of Units Target	Total Estimated Cost (Rs. Mn)	No. of Units Completed		No. of Units Under Construction		Total Expenditure (Rs. Ma)	
			1981	1982	1981	1982	1981	1982
1. Direct Construction	36,000	4,608.8	2,364	1,810	4,482	2,713	766.8	706.5
2. Rural Housing	50,000	779.8	5,942	4,492	15,454	13,844	116.9	108.5
2.1 ASH Housing	n.a.	(100.0)	1,142	2,035	10,862	8,833	n.a.	n.a.
2.2 Model Villages	n.a.	n.a.	4,071	1,894	3,702	4,826	n.a.	n.a.
2.3 Fisheries Houses	n.a.	n.a.	729	543	890	185	n.a.	n.a.
3. Electoral Housing	26,040	760.0	491	1,140	4,008	3,340	267.6	80.8
4. Public Servants' Quarters	695	88.0	204	156	288	24	36.6	20.3
5. Slum and Shanty Upgrading	5,839	55.0	n.a.	n.a.	n.a.	n.a.	20.3	6.0
6. National Housing Fund Loan	14,000	—	—	—	—	—	—	—
Total	132,574	6,291.6	9,001	7,598	24,232	19,921	1,208.2	922.1

Sources: National Housing Development Authority,
Urban Development Authority,
Ministry of Local Government, Housing and Construction.

TABLE 1.26
Approval of Building Plans by Colombo Municipality* - 1981—1982

Item	1981	% Change over 1980	1982	% Change over 1981
1. New Residential Buildings (Total) ..	530	- 5.9	589	11.1
1.1 Houses ..	288	6.3	364	26.4
1.2 Flats ..	242	- 17.1	225	- 7.0
2. Commercial Buildings ..	58	- 13.4	45	- 22.4
3. New Industrial Buildings ..	4	- 88.9	10	150.0
4. New School Buildings ..	5	—	3	- 40.0
5. Additions & alterations ..	528	15.8	538	1.9
6. Other Buildings ..	15	114.3	60	300.0
Total ..	1,140	0.5	1,245	9.2

* Excludes Government and Corporation building plans

Source: Colombo Municipality.

Housing and construction activity initiated by the private sector increased moderately during the year under review. High land prices and rising construction costs have probably offset to a great extent the benefits of fiscal incentives offered by the government.

In the absence of islandwide data on private sector housing and construction, two indicators have been used to gauge the progress in this sector such as the number of building approvals by the Colombo Municipal Council (CMC) and commercial bank advances to the private sector for housing purposes. In 1982, there were 1,245 new building approvals by the CMC compared with 1,140 approvals in 1981 indicating a 9 per cent increase in overall terms. New residential building (houses and flats,) approvals totalled 589 in 1982 compared with 530 in 1981 representing a 11 per cent increase in this field. In this category while housing approvals increased by 26 per cent, approvals in respect of flats declined. The other major category, non-residential new building approvals (commercial, industrial, schools etc.) increased by 43 per cent over the previous year. In this category, industrial building approvals increased by 150 per cent whereas commercial building approvals declined. Of the 1,245 building approvals, 43 per cent were for additions and alterations reflecting the tendency to minimise on land costs and modernise and expand existing facilities. It is also likely that the location of construction activity in respect of new residential, commercial and industrial buildings would have shifted to sub-urban areas due to the shortage and high price of buildable land in Colombo.

Commercial bank advances to the private sector for housing purposes increased by 27 per cent in 1982. Outstanding advances which amounted to Rs. 1,181 million in 1981 totalled Rs. 1,500 million in 1982. However, there was a deceleration in the advances to the private sector for housing purposes.

There is no comprehensive system for financing homes in Sri Lanka such as building societies and loan and credit institutions. Private sector lending institutions are not actively involved in home finance. The only financial institution engaged primarily in the provision of home finance continued to be the State Mortgage and Investment Bank.

Accelerated Mahaveli Programme

The Accelerated Mahaveli Programme continued to be one of the lead development projects in the country and considerable progress was made in the implementation of this project during the year, 1982. The total expenditure incurred on the project up to the end of 1982 amounted to Rs. 13,329 million, of which Rs. 5,526 million or 41 per cent was spent during 1982.

The Accelerated Mahaveli Programme consists of three main components: the four main headworks projects of Victoria, Kotmale, Maduru Oya and Randenigala; the downstream engineering works dealing with diversion works and the irrigation; and the development of downstream areas, which includes the system 'B' and 'C', the balance lands in system 'H' and some lands in system 'G' comprising the old Elahera colonization scheme. The preliminary work on the Randenigala project was started during the year under review while the other projects continued to make considerable progress. The total expenditure incurred on the Victoria project up to the end of 1982 amounted to Rs. 2,997 million and of this, 43 per cent was incurred during 1982. It is expected that the whole project would be completed before the end of 1984, at which time it should provide irrigation facilities to 55,000 hectares of undeveloped land in systems 'B' and 'C' of the Mahaveli Scheme.

The Kotmale project comprises a dam across Kotmale Oya (a tributary of Mahaveli Ganga) and a tunnel system leading to an underground power station of two units with an installation capacity of 66 MW each. Under the programme of the reservoir work, first stage excavation in the main dam was completed in 1982, while second stage excavation was nearing completion by the end of the year. Work on the power station was progressing on programme. The total expenditure incurred on this project up to the end of 1982 amounted to Rs. 3,511 million out of which 43 per cent was spent during 1982.

Construction of the main dam of the Maduru Oya project was completed in October, 1982. The expenditure incurred on this project up to the end of 1982 amounted to Rs. 1,984 million of which Rs. 946 million or 48 per cent was spent during the year.

TABLE 1. 27
Accelerated Mahaveli Programme: Cost Estimates

Project	Budget Expenditure for 1982			Actual Expenditure for 1982(a)	Cumulative Expenditure upto end 1982(a)
	Provisions	Supplementaries	Total		
1. Victoria reservoir	1,714	—	1,714	1,289	2,997
2. Kotmale reservoir	1,600	—	1,600	1,509	3,511
3. Randenigala reservoir	1,248	—	1,248	536	640
4. Maduru Oya & Link Tunnel	601	—	601	946	1,984
5. Minipe Anicut Trans-basin canal complex	325	—	325	321	729
6. Irrigation System 'B'	509	—	509	344	537
7. Irrigation System 'C'	448	—	448	249	701
8. Stage I & II	306	—	306	317	2,084
9. Others	86	—	86	15	146
Total	6,837	—	6,837	5,526	13,329

(a) Provisional

Source: Mahaveli Authority of Sri Lanka.

The coffer dams, a river diversion tunnel and other connected diversion works of the Randenigala project, which will further regulate the discharges from the Victoria reservoir will commence in early 1983 to be completed by the end of 1983. The total amount spent on this project up to the end of 1982 amounted to Rs. 640 million and 84 per cent of these expenses were incurred during 1982.

Land development work and settlement of families in the 'H' area was almost completed in 1982 and the total number of families settled in the 'H' area, as at the end of 1982, amounted to 22,564 of which 683 families or 3 per cent were settled during the year. The settlement of families in system 'B' was started in 1982 and 1,050 families were settled in this area during the year. Since 1981, 5,456 families have been settled in system 'C' of which 2,400 were settled during 1982. Thus, altogether approximately 29,070 families have been settled under the Accelerated Mahaveli Development Programme by the end of 1982.

TABLE 1. 28
New land cultivated under Mahaveli Programme
('H' Area)

Item	Hectares								
	Maha 1979/80	Yala 1980	Total 1980	Maha 1980/81	Yala 1981	Total 1981	Maha 1981/82*	Yala 1982*	Total 1982*
Area Cultivated	8,704	6,285	14,989	20,663	9,444	30,107	22,568	6,875	29,443
(a) Paddy	8,704	4,842	13,546	20,663	6,923	27,586	20,680	2,522	23,202
(b) Other crops	—	1,443	1,443	—	2,521	2,521	1,888	4,353	6,241

* Provisional.

Source: Mahaveli Authority of Sri Lanka.

An extent of approximately 29,443 hectares were cultivated in the 'H' area in 1982. Of this, approximately 23,202 hectares were cultivated with paddy while 6,241 hectares were cultivated with other crops. There has been a decline in the area cultivated with paddy during the Yala of 1982 perhaps owing to the concerted effort being made by the project management staff to encourage farmers to cultivate other crops with a view to economising on water.

Integrated Rural Development Programme

The Integrated Rural Development Programme (IRDP) is an attempt towards the achievement of a more balanced regional development in Sri Lanka. It is therefore directed towards those districts which are not presently benefitting from large scale, high investment agricultural programmes. The IRDP aims at developing short and medium term programmes to meet the needs and fulfil the deficiencies specific to each such district, as well as to strengthen their existing infrastructure. It is anticipated that these projects will increase income, employment and the general living standards of the rural population as well as broaden the nation's agricultural base.

The first IRD project was implemented in the Kurunegala district under the auspices of the World Bank in 1979 and since then, several other districts have been brought under this programme with funding from various international sources. By the end of 1982, IRDP covered 7 districts in the country. Of these, three are funded by World Bank loans and the remaining four by grants from Norwegian Aid for Development (NORAD), the Swedish International Development Association (SIDA), the International Fund for Agricultural Development (IFAD) and the Netherlands Government. It is expected that two new IRD projects funded by the World Bank will be implemented in the Mannar and Vavuniya districts during 1983.

TABLE 1.29
District-wise Expenditure on the Rural Integrated
Development Programme (1981 and 1982)

District (a)	Cost			Expenditure to Date (Cumulative)		Expenditure during 1981	Expenditure during 1982
	Foreign	Local	Total	as at end 1981	as at end 1982		
1. Kurunegala (1979)	197.7	267.3	465.0	156.8	227.5	44.3	59.7
2. Matara (1979)	n.a.	n.a.	n.a.	53.2	67.6	20.4	14.4
3. Hambantota (1979)	147.3	—	147.3	39.0	56.7	25.3	17.6(b)
4. Nuwara Eliya (1980)	n.a.	n.a.	n.a.	26.3	51.7	14.4	25.4
5. Matale (c) (1981)	265.3	514.9	780.2	—	76.4	37.7	38.6
6. Puttalam(c) (1981)				—	n.a.	58.4	33.7
7. Badulla (1982)	112.0	257.5	369.5	—	n.a.	—	n.a.(d)

Source: Ministry of Plan Implementation.

(a) Indicates year of implementation.

(b) As at November 30th.

(c) Local/Foreign cost components for Matale and Puttalam are calculated together as the World Bank combines the two districts as one project.

(d) Implemented in July, 1982.

The Kurunegala District Integrated Rural Development Programme was implemented in 1979, and has served as a model for subsequent projects. It was designed to cover a five-year project period. The total cost of the project has been estimated at Rs. 465 million, of which, approximately 43 per cent was provided by World Bank assistance through International Development Association (IDA) financing. Expenditure on the project as at the end of 1982 amounted to Rs. 227.5 million or 49 per cent of the total estimated cost. During the year 1982, expenditure on the project amounted to Rs. 59.6 million. The lead projects in Kurunegala are associated with the district's two major crops, paddy and coconut. Irrigation and water management to improve paddy production and development of coconut cultivation, respectively, account for 29 per cent and 17 per cent of the expenditure up to the end of 1982.

The implementation of the Matara and Hambantota district IRD projects commenced at the beginning of 1979 for an estimated project duration of 5 years. These projects were funded on a continuous annual programme basis with aid from SIDA and NORAD, respectively. By the end of 1982 expenditure on the implementation of the Matara project amounted to Rs. 53.2 million. The two lead projects in this district are the development of tea smallholdings and road development for which 31 per cent and 12 per cent of the total expenditure up to the end of 1982 has been allocated. Expenditure on this project during the year under review amounted to Rs. 14.4 million. The lead projects in the Hambantota district are the restoration of the Kirama-Oya irrigation scheme and the Bedigama sericulture project. During the year 1982, Rs. 17.6 million was spent on the project with 11 per cent of this expenditure allocated to the lead projects.

The Nuwara Eliya district IRD project was implemented in 1980 on an annual programme basis with financing from the Netherlands Government. As at the end of 1982, Rs. 43.9 million was spent on the project. The primary expenditure components are the development of animal husbandry, rehabilitation of irrigation schemes and the construction of nurseries for reforestation.

The Matale and Puttalam IRD projects commenced in 1981, also with World Bank financing and for a 5 year project period. The total estimated cost of these two projects is Rs. 337.6 million and Rs. 397.7 million, respectively. Expenditure during 1982 for the two projects amounted to Rs. 37.7 million and Rs. 58.4 million, respectively. The Matale project emphasizes, among others, the development of minor export crops in the district. In Puttalam, one of the lead projects is coconut development, under which Rs. 19.5 million is expected to be spent on rehabilitation, underplanting, replanting and intercropping of coconut land during the project's duration. In both districts the agricultural credit component, designed to expand the volume of lending of the state banks in these districts as well as to promote the timely recovery of loans, has also been given substantial emphasis.

The most recent IRD project, in the Badulla district, was implemented in July, 1982 with IFAD and SIDA funding. Total expenditure on this project, which was implemented on an annual programme basis, is estimated at Rs. 369.5 million. Of this, approximately 70 per cent will come from foreign financing. Development of small-holder tea cultivation has been given high priority in this project.